#	Contract	Frequency of Recurring Transactions	Approx. Date of Completed Transaction	Number of Personnel	Personnel Type	Expertise Level	Special Equipment	Completion Time	Fully Loaded	Material Cost	Misc. & Overhead Cost
	Amendment No. 38 to Marketing and Sales Agreement	-	-	-	-	-	-	-	x	x	x
	Amendment No. 39 to Marketing and Sales Agreement	-	-	-	-	-	-	-	x	x	x
						GNI					
4	Service Agreement for Web Services	-	-	-	-	-	-	-	x	x	x
5	Bell Atlantic - PennsylvaniaDS1 Service#PA-1NB002	-	x	-	-	-	-	x	We noted from the web postings that the services were priced at either Tariff or PMP rates		
6	New York 56kbps #NY-GOPLK1	-	x	-	-	-	-	x	We noted from the web postings that the services were priced at either Tariff or PMP rates		
						VSSI					
7	Long Distance Telecommunications Services Agreement	-	-	-	-	-	-	-	-	-	-
	Long Distance Telecommunications Services Agreement Amendment 3	x	-	-	-	-	-	-	-	-	-
	Long Distance Telecommunications Services Agreement Amendment 5	x	-	-	-	-	-	-	-	-	-

PUBLIC VERSION – REDACTED

#	Contract	Frequency of Recurring Transactions	Approx. Date of Completed Transaction	Number of Personnel	Personnel Type	Expertise Level	Special Equipment	Completion Time	Fully Loaded	Material Cost	Misc. & Overhead Cost
8	Master Services Agreement CPE - GTECC SOW Non-Regulated CPE Support Services	-	-	x	-	-	-	-	-	-	-
9	Subcontract Agreement & Custom Work Order	x	-	x	x	x	-	-	We noted from the web postings that the services were priced at either Tariff or PMP rates		

"-" – Indicates that the related item is disclosed on website and agrees to the written agreement.
"x" – Indicates that the information is not disclosed on website

We inquired of management as to the reason for the discrepancies noted throughout this procedure, and management indicated the following:

"PricewaterhouseCoopers' assessment for this procedure for the Year 2002 Section 272 Biennial Audit is comprised of a 16-point comparison between a contract and its associated web posting. A match within a category is denoted with a "-" and a potential discrepancy with an "x".

It should be noted that there is not a 1-to-1 correlation between a match, "-", and the number of data entries reviewed within a particular category. For example, some of the contracts reviewed contain thousands of rate elements (e.g., Access Service Agreements and other Telecommunications Services Agreements). More than half of the 16 categories assessed by PwC requires the successful mapping of multiple data elements to achieve a match, "-".

Moreover, more than half of the noted discrepancies are associated with one posting oversight: failure to add a one-sentence description of the components of Verizon's Fully Distributed Cost ("FDC") calculations[1]. Because PricewaterhouseCoopers was looking for three specific disclosures[2] within the FDC sentence, it noted three discrepancies each time the definition wasn't displayed. Moreover, almost all of these "FDC description" errors are attributable to one of the Verizon Section 272 affiliates, Verizon Enterprise Solutions. Verizon reported that this affiliate inadvertently stopped including this definition in its write up for several months. Missing the definition of fully distributed cost, however, would not appear to be critical to an unaffiliated carrier's decision to purchase the service from Verizon.

Almost all of the remaining reported discrepancies fall into 3 basic categories reviewed, rates, terms, and late postings.

Rates - More than half of the discrepancies, where a contract/amendment and its associated web posting do not display matching rates, are associated with publicly available interconnection agreements in the former GTE territory. All but one of the remaining occurrences involves contracts that contain multiple rate elements (one contract has as many as 523 elements - 522 rates were posted correctly and 1 rate was missing).

Terms - Half of these discrepancies are associated with publicly available Verizon Select Services (VSSI) interconnection agreements in the former GTE footprint. Since final versions of these agreements are submitted for state commission approval before they can go into effect, it is impossible for Verizon to satisfy the test, since the terms are defined by the commission's order and not the dates listed in the agreement. Almost all of the remaining occurrences are common to the amendments for one particular contract.

---

[1] For transactions recorded at fully distributed cost ("FDC"), Verizon customarily adds the following description of FDC to its web pages: "FDC rates are fully loaded rates, which include the cost of materials and all direct and indirect miscellaneous and overhead costs." This requirement originated in the FCC's Memorandum Opinion and Order, FCC98-271, on Bell South's application for Section 271 authority in Louisiana, released on October 13, 1998. In paragraph 337, the Order stated, "BellSouth should also state whether the hourly rate is a fully-loaded rate, and whether or not that rate includes the cost of materials and all direct or indirect miscellaneous and overhead costs, so that we can evaluate compliance with our accounting safeguards." This definition of FDC is the same for current ILEC transactions with LD affiliates as it has been, since 1989, for transactions between an ILEC and any of its non-regulated affiliates; as such, its use adds no new information for a third party reviewing the transaction.

[2] The separate disclosures were: that the published rate is fully loaded, that it includes the cost of materials, and that it includes all miscellaneous and overhead costs.

Late Postings - Almost all of the noted instances of late postings are associated with contracts executed prior to 2001. Only two occurred within 2002. One of these was late due to the Christmas/New Year holiday.

Internal Controls
As a result of Verizon's Year 2000 Section 272 Biennial Audit Report, filed on June 11, 2001, Verizon identified certain issues for additional review, including Verizon's web posting procedures. Management evaluated the existing controls to determine if additional controls or processes were needed. Where opportunities for improvements were identified, an implementation schedule was established and tracked for completion. In August 2001, the Section 272 affiliates' regulatory and vendor management organizations developed and implemented additional internal controls to ensure the accuracy and timeliness of web postings.

Revised web posting procedures were developed, implemented and posted on the Verizon Section 272 affiliates' websites in late October 2001. The web site entries were reviewed to ensure consistency with the updated practices and procedures. Additional internal controls incorporated in the process included:

- Section 272 Contract Administrator notifies employee with web posting responsibilities of new agreement or amendments prior to execution date.
- Section 272 Contract Administrator is responsible for comparing web posting to final executed agreement to ensure consistency.

Verizon also developed a comprehensive Affiliate Transactions Guideline for contracting services between Verizon ILECs and Verizon nonregulated affiliates (including the Section 272 affiliates). The Guideline incorporates previously issued contracting and pricing guidelines. The Guideline was finalized and made available on Verizon's intranet in October 2002."

6. We requested a listing and amounts of services rendered by month by the Verizon BOC/ILECs to each Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated that the services made available to the Section 272 affiliates and not made available to third parties were marketing and sales services. We inquired of management and management indicated that VLD, VES, and VSSI were the only Section 272 affiliates that purchased marketing and sales services from January 3, 2001 through September 30, 2002. From a list of 828 transactions for VLD, VES, and VSSI, we selected a random sample of 88 marketing and sales transactions. For the sample selected, we obtained the Fully Distributed Cost ("FDC") and the Fair Market Value ("FMV") unit charges for the services as well as journal entries for the Verizon BOC/ILEC to determine whether these transactions were recorded in the books of the Verizon BOC/ILECs in accordance with the affiliate transactions rules. We also requested copies of invoices for the sample that reflect the unit charges for the transactions.

   For 83 of the 88 transactions, we compared the unit charges in the invoice to FDC and FMV, and noted that these unit charges were priced at the higher of either FDC or FMV. We traced the invoiced amount to the books of the Verizon BOC/ILEC and noted no differences. For the 83 transactions, we compared the amount the Section 272 affiliate has recorded in its books to the amount the Section 272 affiliate paid and noted no differences.

For 4 of the 88 transactions, the amount for the sample selected was a credit balance and the invoice did not contain unit charges. We traced the invoiced amount to the books of the Verizon BOC/ILEC and noted no differences.

For 1 of the 88 transactions, management indicated that the invoice was billed in error. We traced the original invoice amount to the books of the Verizon BOC/ILEC and noted no differences. We also obtained the subsequent reversing journal entry from management.

7. We requested a listing and amounts of services rendered by month to the Verizon BOC/ILEC by each Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated no services were provided by GSI to the Verizon BOC/ILECs. Management indicated that the list of services was compiled using the Section 272 affiliates' journal entries. We selected a random sample of 87 transactions from a population of 516.

   For the sample selected, we requested unit charges to compare to tariff, PMP, FDC, or FMV rates, as appropriate, to determine whether these services were recorded in the books of the Verizon BOC/ILEC in accordance with the affiliate transaction rules. We noted the following for the sample selected:

   - For 72 of 87 sample items, management indicated that the service was priced at PMP and that the sales of the service to third parties consisted of more than 25% of the total quantity of the service sold to the 272 affiliates.
     - 93.4% of revenue for CPE related services was from non-affiliates.
     - 31.8% of revenue for Long Distance Voice was from non-affiliates.
     - 77.2% of revenue for Prepaid Calling Cards was from non-affiliates.
   - For 15 of 87 sample items, management indicated that the service was priced at FDC. Management indicated that the estimated annual billing to the Verizon BOC/ILEC does not exceed the $500,000 threshold per service that requires carriers to make a good faith determination of fair market value.

   For the sample selected, we requested for the amounts recorded and paid by the Verizon BOC/ILECs and noted the following:

   - For 55 of 87 sample items, we compared the invoiced amount to the amount recorded in the Verizon BOC/ILECs' books and noted no differences. We compared the amounts recorded and paid by the Verizon BOC/ILECs' and noted no differences.
   - For 11 of 87 sample items, management indicated the sample selected were for amounts related to prepaid maintenance amortization. Management indicated these sample items represent customers who opted to prepay maintenance for a portion of or the entire length of the contract. The sample selected represents the Section 272 affiliate's recognition of the deferred revenue.
   - For 4 of 87 sample items, management indicated the sample selected were for amounts related to revenue recognition journal entries. Management indicated that VSSI invoices as a percentage of contract completes but recognizes revenue when the cost is incurred.
   - For 2 of 87 sample items, management indicated the amounts related to cancelled contracts, which were later credited.
   - For 2 of 87 sample items, management indicated the Verizon BOC/ILEC has not yet been invoiced by the Section 272 affiliate (Reference Table 17).

Table 17

No.	Service	Date	Charge
1	CPE Other	08/01/2002	$ 1,597.52
2	CPE Other	08/01/2002	$ 896.56

- For 2 of 87 samples, management indicated the amount represents a credit in the books of the Section 272 affiliates.
- For 10 of 87 samples, management indicated they were unable to locate the corresponding amount in the Verizon BOC/ILECs' books (Reference Table 18).

Table 18

No.	Service	Date	Charge
1	LD Voice	02/01/2001	$ 1.10
2	LD Voice	02/01/2001	$ 0.27
3	Prepaid card service	January 2001	$ 2,865.00
4	LD Voice	08/01/2001	$ 5.70
5	LD Voice	08/01/2001	$ 5,533.56
6	CPE MAC	04/01/2001	$ (75.00)
7	CPE MAC	04/01/2001	$ (30.00)
8	CPE Other	04/01/2002	$ 1,295.97
9	CPE Other	04/01/2002	$ 11,070.04
10	CPE Maint	03/01/2001	$ (90.00)

- For 1 of 87 samples, management indicated that the invoiced amount was billed to a non-Verizon customer and should not have been included in the population.

8. We obtained the balance sheets and detailed listings of fixed assets for the Section 272 affiliates as of September 30, 2002. We performed the procedures indicated for Objective I, Procedure 5.

   We inquired of management and management indicated there were no fixed assets purchased or transferred from the Verizon BOC/ILECs to the Section 272 affiliates from January 3, 2001 through September 30, 2002.

   We inquired of management and management indicated that there were no assets purchased or transferred to VLD, VES, or GSI from another affiliate. Management indicated that GNI purchased certain assets from another affiliate, Verizon Network Integration ("VNI"), and management also indicated that none of the assets purchased from VNI previously belonged to a Verizon BOC/ILEC. Management indicated that VSSI purchased certain assets from other affiliates, Verizon Hawaii International and 1421 GTE.Net, but that none of these assets previously belonged to a Verizon BOC/ILEC.

   We inquired of management and management indicated that there were no assets purchased or transferred to the Section 272 affiliates from the Verizon BOC/ILECs, either directly or through another affiliate, since January 3, 2001.

9. For the Section 272 affiliates, we requested from management a list of assets and/or services priced pursuant to Section 252(e) or Section 252(f). Management indicated that VLD, VES, GNI, and GSI did not purchase any assets and/or services priced pursuant to Sections 252(e)

and 252(f). For VSSI, we obtained a listing of 301,358 invoices priced pursuant to Section 252(e) from which we selected a statistically valid sample of 100 invoices. We obtained the selected invoices and compared the rates the Verizon BOC/ILECs charged VSSI to the rates on the interconnection agreements. We inquired of management and management indicated that all billed items selected were related to local resale services, which according to the interconnection agreements, were priced at a percentage discount of the tariff rates.

For 96 of the 100 invoices tested, we noted no differences. For 4 invoices, we noted the following (certain invoices contain more than one difference):

- Two invoices contained unit rates for billed items that did not match the tariff rate less the applicable discount as noted in the interconnection agreements. Management indicated that under Merger Condition XII, a 32% resale discount was applied instead of the discount rate stated in the interconnection agreements. We noted that the unit rates for billed items matched the tariff rate after the application of the 32% resale discount. (Reference Table 19A).

Table 19A

No.	State	Billed Item	Unit Rate Charged	Tariff, Less Applicable Discount
1	CA	Caller ID - Name and Number	$ 5.41	$ 6.97
		Call Waiting/Cancel Call Waiting	$ 2.72	$ 3.52
		Residence Line (Flat Rate Service 2)	$ 11.73	$ 15.18
		Number Not Listed in Directory Assistance	$ 1.02	$ 1.32
2	TX	Extended Area Service (Band 3)	$ 2.38	$ 2.70
		Residence Line (Band 3)	$ 4.83	$ 5.47
		Caller ID - Name and Number w/ACB	$ 4.59	$ 6.12
		Call Waiting	$ 1.22	$ 1.39
		Number Not listed in Directory Assistance	$ 1.12	$ 1.27

- Two invoices contained unit rates for billed items that did not match the tariff rate less the applicable discount as noted in the interconnection agreements. Management indicated that an additional fee for Extended Area Service in the Palm Springs Exchange was included in the Residence Line charge. We noted that the unit rates for billed items matched the tariff rate after the application of the additional fee (Reference Table 19B).

Table 19B

No.	State	Billed Item	Unit Rate Charged	Tariff, Less Applicable Discount
1	CA	Residence Line (Flat Rate Service 2)	$ 15.58	$15.18
2	CA	Residence Line (Flat Rate Service 2)	$ 15.58	$15.18

- 1 of the 4 invoices contained a billed item charged at the tariff rate without applying the wholesale discount (Reference Table 19C).

Table 19C

No.	State	Billed Item	Unit Rate Charged	Tariff, Less Applicable Discount
1	WA	Call Waiting ID	$ 0.35	$ 0.28

- 1 of the 4 invoices contained a billed item that did not match the tariff rate when applying the appropriate state discount or the resale discount applicable under Merger Condition XII (Reference Table 19D).

Table 19D

No.	State	Billed Item	Unit Rate Charged	Tariff, Less Applicable Discount
1	TX	Cancel Call Waiting	$ 0.91	$ 0.69

10. We inquired of management and management indicated that no part of the Verizon BOC/ILEC's Official Services network was transferred or sold to the Section 272 affiliates from January 3, 2001 through January 2, 2003.

Objective VII: The BOC May Not Discriminate Against Any Entity in the Provision of Goods and Services

1. We requested from the Verizon BOCs the procurement awards to each Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated these services were provided to the BOCs on a sole source basis without soliciting bids:

   - "Prepaid Calling Cards – VSSI Card Services provided pre-paid calling cards to the BOCs, including cards with custom artwork, for use at corporate events as give-away items. The service has been terminated.
   - Use of Voice Mail – After the separate data affiliate requirement for VADI sunset on September 26, 2001, VADI continued to temporarily occupy space previously leased by VES at 1166 Sixth Avenue in New York City. VES had an existing Voice Mail system with extra capacity. VADI used this capacity to avoid the expense and wait associated with installation of a second system. VADI discontinued use of this service on January 31, 2002 when it vacated the building.
   - Web Maintenance Service – After the separate data affiliate requirement for VADI sunset on September 26, 2001, GNI continued to maintain the VADI website that was required up until that point to post all VADI transactions with the ILECs. Although the website was not required after sunset, GNI maintained it in order to provide data for the merger audit. This service was discontinued in September 2002 when it was determined that the information was no longer needed for the audit."

   We obtained Verizon BOC's procurement procedures, which stated, "When the product is technical in nature or designed to exact specifications set by the customer, a supplier is designated as the sole source for the product. The sole source must be utilized unless there is a business reason for not utilizing the supplier. If the identified supplier cannot be utilized, the customer must be advised and participate where appropriate in the identification process for an alternate supplier."

2. We obtained a list of all goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f)(1) of the Act, and exchange access services and facilities inspected in Objective IX, made available to each Section 272 affiliate by the Verizon BOC/ILEC. For the entire population of 38 items, we inquired of management as to the existence of any media used by the Verizon BOC/ILEC to inform unaffiliated entities of the availability of the same goods, services, facilities, and information at the same price, and on the same terms and conditions. Management indicated the media used to inform carriers of such items are the Section 272 websites:

   - http://www.verizonld.com/regnotices/index.cfm?OrgID=1 for VLD
   - http://www.verizonld.com/regnotices/index.cfm?OrgID=2 for VES
   - http://gni.verizon.com/Regrequirements.html for GNI
   - http://www22.Verizon.com/longdistance/regulatory/index.jsp for VSSI
   - http://www.baglobal.com/vgsi/RegRequirements.asp for GSI

3. We obtained a list from the Verizon BOC of all unaffiliated entities who have purchased the same goods, as Section 272 affiliates, (including software), services, facilities, and customer network services information (excludes CPNI) from the Verizon BOC, during the first twenty-one months of the engagement period. These services include public communication, billing and collections, interconnection, and local exchange services. We obtained a list of

the specific unaffiliated entities that purchased these four services during October 2001 (month selected by JOT) including the amount purchased, no public communications purchases, 29 billing and collections purchases, 330 interconnection purchases, and 7389 local exchange purchases. We selected a random sample of 100 purchases from the population of 7,748 purchases. The random sample included no public communications purchases, 1 billing and collection purchase, 5 interconnection purchases, and 94 local exchange purchases.

We inquired of management and management indicated during October 2001, the Section 272 affiliates paid $0 for public communication services, $5,332,635.87 for billing and collection services, $0 for interconnection services, and $147,678.65 for local exchange services.

For public communication services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling $53,790,044.25. No public communications purchases were selected in the random sample.

For billing and collections services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling $573,730,408.01. One purchase of billing and collection services by one unaffiliated entity was selected in the random sample. We compared the rates, terms, and conditions appearing on the agreement of the sampled unaffiliated entity to the rates, terms, and conditions offered to the Section 272 affiliates during the same time period. We noted the following differences in the Price Per Bill, Price per Message Billed, Manual Adjustment Charge, Marketing Message, Minimum Charges (Annual and Monthly), and Start Up Fee rates (Reference Table 20):

Table 20

New York Telephone Company and Unaffiliated Entity		BOCs and VLD		BOCs and VES	
Description of Service	**Rate per Exhibit E**	**Description of Service**	**Rate per Exhibit E**	**Description of Service**	**Rate per Exhibit E**
Price per Bill					
Price per Bill	$0.96	Standard Price per Bill (non-discounted standard price)	$ 1.10	Standard Price per Bill (non-discounted standard price)	$ 1.10
		VLD Price per Bill (discounted price based on 85% billing commitment)	$1.00	VES Price per Bill (discounted price based on 85% billing commitment)	$1.00
		VLD Price per Bill (discounted price based on 5 million bills/year bill volume commitment)	$0.90 (1)		

New York Telephone Company and Unaffiliated Entity		BOCs and VLD		BOCs and VES	
Description of Service	**Rate per Exhibit E**	**Description of Service**	**Rate per Exhibit E**	**Description of Service**	**Rate per Exhibit E**
		VLD Price per Bill (discounted price based on 10 million bills/year bill volume commitment)	$0.85 (2)		
Price per Message Billed					
Price per Message Billed for each message in excess of and average of 10 messages per bill	$0.01	Price per Message (charge of itemized call detail billing records) for less than 50 messages per bill	$0.02	Price per Message (charge of itemized call detail billing records) for less than 50 messages per bill	$0.02
		Price per Message (charge of itemized call detail billing records) for more than 50 messages per bill	$0.015	Price per Message (charge of itemized call detail billing records) for more than 50 messages per bill	$0.015
Manual Adjustment Charge					
Manual Adjustment Charge	$10.00	Manual Adjustments (per adjustment)	$5.00	Manual Adjustments (per adjustment)	$5.00
Marketing Message					
Marketing Message	$0.045				
Minimum Charges					
Annual Minimum	$55,994.40				
Monthly Minimum	$4,666.20	Monthly Minimum (per BA region)	$4,000.00	Monthly Minimum (per BA region)	$4,000.00
Start Up Fee					
Start Up Fee	$25,000.00	Start Up Fee (per BA region)	$30,000.00	Start Up Fee (per BA region)	$30,000
(1) According to Amendment 1 (2) According to Amendment 2					

We inquired of management and management indicated the following:

> "The pricing in the unaffiliated entity agreement is from 1992. Upon expiration of the unaffiliated entity's contract, that agreement was extended on a month-to-month basis while making repeated attempts to negotiate a new contract. Negotiations for a new contract proved to be unsuccessful and the unaffiliated entity continued to operate under the month-to-month extension of the 1992 agreement.
>
> The VES and VLD agreements contain rates based on updated business assumptions. As a result of the updated business assumptions, changes were made to the Price Per Bill, Price per Message Billed, Manual Adjustment Charge, Marketing Message, Minimum Charges (Annual and Monthly), and Start Up Fee rate elements. The unaffiliated entity's agreement also included a Pay-Per-Call Advisory Message rate element since they used this service; VES and VLD did not use this service, thus that rate element was not included in those agreements."

In addition, management indicated that the unaffiliated entity's billing services agreement was terminated effective November 1, 2001. Management further indicated that new rates would apply to all Verizon billing services on November 1, 2001.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for billing and collections services from the Verizon BOC/ILEC during October 2001. Management indicated that the total amount billed to and paid by the Section 272 affiliate for billing and collection services was $5,332,635.43. We noted no differences.

For interconnection services, we obtained a memo detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling $3,839,431. Five purchases of interconnection services by five different unaffiliated entities were selected in random sample. We requested a copy of the related interconnection agreements for the sample selected. We compared the rates, terms and conditions appearing on the agreements of the sampled unaffiliated entities to the rates, terms and conditions offered to the Section 272 affiliates during the same time period and noted no exceptions.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for interconnection services from the Verizon BOC/ILEC during October 2001. Management indicated, "For Interconnection agreements, there was no billing to Section 272 affiliates in October 2001 as it relates to those sampled agreements in the state of Pennsylvania or Massachusetts."

For local exchange services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling $3,028,940,847.24. Ninety-four purchases of local exchange services by ninety-four different unaffiliated entities were selected in the random sample. We compared the rates, terms and conditions appearing on the Customer Service Records ("CSRs") of the sampled unaffiliated entities to the rates, terms and conditions offered to the Section 272 affiliates during the same time period. We noted eighteen instances where the rate on the unaffiliated CSR did not match or were unable to match the rate on the Section 272 affiliate CSR (Reference Table 21). We inquired of management and management provided responses explaining the differences as outlined in Table 21.

Table 21

Local Exchange						
No.	**USOC**	**Description**	**State**	**Nonaffiliate Rate**	**Section 272 affiliate Rate**	**Management Explanation**
1*		Dial Tone Line	MD	$15.76 $13.34	$15.76 $13.34	(2)
2		Non-Published Service	MD	$1.45	$0.00	(1)
3	1FB	FCC Line Charge FUSF Surcharge (Main Line/s)	ME	$37.25	$37.59	(2)
4*	1MB	IND Message Rate Business	NJ	$12.96 $12.77 $11.76	$12.96 $12.77	(2)
5*	9ZRB1	FCC Subscriber Line Charge	NJ	$6.21	$6.21 $6.29	(1)
6	9ZRP1	FCC Subscriber Line Charge	NJ	$31.05	$31.45	(1)
7	LSN1X	MULTP ACC-2 WIRE SVC – ISDN	NJ	$6.00	$10.50	(3)
8*	QURBM	Federal Universal Service Fund Charge-Business Multi Line	NJ	$0.53	$0.53 $0.55	(2)
9	QURBR	Federal Universal Service Fund Surcharge-ISDN BRI	NJ	$0.53	$0.58	(2)
10	QURPR	Federal Universal Service Fund Surcharge-ISDN PRI	NJ	$2.65	$2.85	(2)
11	ZPAZD	Pipe with 23B+D	NJ	$285.00	$270.00	(2)
12*	9ZR	FCC Line Charge	NY	$8.08 $5.00	$8.08 $5.00	(4)
13	XUDBZ	FCC Line Charge (ISDN Digital Transport)	NY	$315.65	$332.25	(3)
14	ZPAZD	ISDN Primary 23B+D Port	NY	$565.25	$595.00	(3)
15*	DTLBX	Dial Tone Line	PA	$15.63 $13.13 $10.63	$15.63 $8.13	(1), (2)
16*	QURBM	Federal Universal Service Fund Surcharge Multi Line	PA	$0.55 $0.53	$0.53	(1)
17*		Dial Tone Line	VA	$11.00	$11.75 $11.50 $11.00	(1), (2)

Local Exchange						
No.	**USOC**	**Description**	**State**	**Nonaffiliate Rate**	**Section 272 affiliate Rate**	**Management Explanation**
18	QURBM	Federal Universal Service Fund Surcharge Multi Line	VA	$0.60	$0.53	(1)

1. The difference in rates is due to a timing issue. When rates change, they are not updated in specific customer service records until that customer's billing cycle.
2. The different rates for the services are due to customers falling into different rate groups. Rate groups are determined by NPA-NXX and are outlined in the tariff.
3. Rates are based on customer specific contracts.
4. $8.08 rate is the multi-line business rate. $5.00 rate is the single-line business rate.

* The CSRs for the unaffiliated entities and/or the Section 272 affiliates had multiple rates for the same USOC. We were unable to determine which rates to compare.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for local exchange services from the Verizon BOC/ILEC during October 2001. Management indicated that the total amount billed to and paid by the Section 272 affiliate for local exchange services was $147,678.65. We noted no differences.

4. We inquired of management regarding the Verizon BOC's methods for disseminating information about network changes, establishing or adopting new network standards and the availability of new network services to each Section 272 affiliate and to unaffiliated entities. Management indicated:

   "Verizon provides public notice regarding network change, and the establishment and adoption of new network standards in accordance with the Commission's network disclosure rules. See 47 C.F.R. Sections 51.325-51.335. Network disclosure for Verizon is made via the Internet website (www.verizon.com/regulatory). When network changes are made with less than six months notice, the network disclosures are distributed to interconnecting carriers in accordance with Section 51.333. The local operating companies do not and will not disclose to the 272 affiliates or any other affiliated or unaffiliated telecommunications carriers, any information about planned network changes until appropriate notice has been given. These methods are the same throughout the Verizon territory."

   We noted no differences in the manner in which information regarding network changes, establishing or adopting new network standards, and the availability of new network services is disseminated to each Section 272 affiliate and to unaffiliated entities.

5. We obtained and inspected scripts that Verizon BOC's customer service representatives recite to new customers calling to establish new local telephone service in New York, Massachusetts, Maine, Rhode Island, Vermont, New Jersey, and Pennsylvania. We noted that the scripts informed the consumers of other providers of long distance along with the Section 272 affiliates.

   Management indicated that a neutral script is heard by most customers ordering new local service prior to reaching a call center representative through a voice response unit. The script heard includes the following statement: "You have a choice of local (or regional toll) and long distance providers. A list of providers is available."

We inspected the written content of the Verizon BOC's website, http://www.verizon.com, for on-line ordering of new service. We noted that the website informed the consumers of other providers of long distance services along with the Section 272 affiliates.

6. We observed and listened in to 100 randomly selected inbound callers requesting to establish new local telephone service to whom the Verizon BOC's customer service representatives attempted to market the Section 272 affiliate's interLATA service. We spent four days observing calls at two call observation centers in Braintree, MA, and Arlington VA, and at one call center in Madison, NJ. We selected these centers based on the states and call types the centers serviced (Reference Table 22).

Table 22

No.	Location	Call Types	States Covered
1	Braintree, Massachusetts	Consumer	Maine, Massachusetts, New York, Rhode Island, Vermont
2	Arlington, Virginia	Consumer	New Jersey, Pennsylvania
3	Madison, New Jersey	Consumer and Business	New Jersey, Pennsylvania

We inquired of management and management indicated that Verizon has 73 consumer call centers that handled approximately 81.4 million calls from 27.8 million households in 2001.

To obtain our sample of 100 inbound calls requesting to establish new local telephone service to whom the Verizon BOC's customer service representatives attempted to market the Section 272 affiliate's interLATA service, we listened into a total of 4,038 inbound calls from customers in Maine, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont (Reference Table 23).

Table 23

No.	Location	Sample Calls*	Total Inbound Calls
1	Braintree, MA (1st Visit)	40	1,329
2	Arlington, VA	9	713
3	Madison, NJ	10	884
4	Braintree, MA (2nd Visit)	41	1,112
	Totals	100	4,038
* Number of inbound calls that met the sampling criteria.			

For the first 100 inbound callers requesting to establish new local telephone service to whom the sales representatives attempted to market the Section 272 affiliate's interLATA service, we listened to the messages conveyed between the customer service representatives and the inbound callers, specifically, if the customer service representative steered the customer toward a Section 272 affiliate, if the customer was informed of the list of other providers, and if the customer was informed of their right to choose a provider. The 100 inbound calls were answered by 95 different customer service representatives.

For 9 of the 100 inbound calls, we noted that the customer service representative did not inform the caller of other providers of interLATA services, or did not inform the caller of his right to make the selection (Reference Table 24). For 1 of the 9 calls (noted by an "*" in Table 24), we also observed the following:

> The customer service representative asked the customer if she wanted long distance service and told her, "If you choose Verizon, there is no extra charge, but if you choose another carrier, then there is a one-time fee of $5." Customer then declined long distance service. Management indicated "the representative erred when mentioning the $5.00 PIC Change Fee since it is not applicable to customers who are selecting an interLATA carrier when establishing new local telephone service with Verizon."

Table 24

No.	Customer steered to Section 272 affiliate	Customer informed of list of other providers	Informed of right to make selection	Location
1	-	No	-	Braintree (1st)
2	-	No	-	Braintree (1st)
3	*	No	-	Braintree (1st)
4	-	No	-	Braintree (2nd)
5	-	No	No	Braintree (2nd)
6	-	No	-	Braintree (2nd)
7	-	No	No	Braintree (2nd)
8	-	No	-	Braintree (2nd)
9	-	No	No	Braintree (2nd)
"-" The customer service representatives met the criteria. "*" Reference paragraph above.				

Objective VIII: The BOC shall not discriminate against any entity in the fulfillment of requests for services.

1. We inquired of management regarding the practices and processes the Verizon BOC/ILEC has in place to fulfill requests for telephone exchange service and exchange access service for the Section 272 affiliates, other affiliates, and nonaffiliates in each state where the Verizon BOC/ILEC has been authorized to provide in region interLATA services. Management provided documentation describing the practices and processes the Verizon BOC/ILEC has in place to fulfill requests for telephone exchange and exchange access service for the Section 272 affiliates, other affiliates, and nonaffiliates. Management indicated that the same processes, practices and systems are used to fulfill requests for both affiliates and nonaffiliates within each region.

   We inquired of management regarding the Verizon BOC's internal controls and procedures designed to implement its duty to provide non-discriminatory service for fulfillment of requests for telephone exchange service and exchange access service. Management provided the following response:

   > "Verizon's 272 affiliates are required to use the same installation and repair interfaces with the Verizon ILEC operations as are made available to nonaffiliates. ASRs and trouble tickets are processed through the same interfaces and systems for both 272 affiliates and nonaffiliates. Also, the determinations of the availability of facilities for 272 affiliates and nonaffiliates use the same systems.
   >
   > The systems that process installation orders apply the same standard minimum provisioning intervals (where facilities exist) and the same first-come-first-served priority to special access orders regardless of the identity of the customer. The systems that track and process the facilities checks are programmed to process orders on a first-come-first-served basis, regardless of the identity of the customer. Where facilities are required to be built or installed to provision a special access service request, Verizon performs that work on a first-come-first-served basis, regardless of the identity of the customer. Similarly the systems that track and process trouble reports process reports on a first come first service basis, regardless of the identity of the customer. Thus, at each step in the fulfillment of requests the same treatment is given to nonaffiliated customers and affiliate customers. Verizon also provides procedural guidelines for the provisioning and maintenance of these services, regardless of the identity of the customer. Employees are trained in these procedures and compliance is monitored monthly by a sampling of orders and trouble reports. Reinforcement of Verizon's commitment to customer parity is frequently a topic of review at general team meetings. Verizon sets its internal service objectives and internally measures both its provisioning and maintenance performance by geographic location, not by customer identity. Management performance evaluations and the Verizon Incentive Plan payouts are based on meeting the predetermined service objectives. Verizon requires each employee to review yearly the company's Code of Business Conduct, in which dealings with our competitors, customers and suppliers, both affiliate and non-affiliate are outlined.
   >
   > It should be noted that different customers request different services in different locations and with different requested intervals, making the actual requested service experience different over time and across customers for reasons outside Verizon's control.

Part of the internal control environment involved extensive communication and training to assure all employees in the company are aware of the Section 272 obligations. The Section 272 rules are summarized on the Affiliate Interest corporate web site.

To support this communications effort, the Senior VP-Regulatory Compliance sent letters to the "Top 300" senior managers on July 7, 2000, June 29, 2001 and July 9, 2002 emphasizing the importance of complying with Section 272 obligations. In these communications the senior managers are asked to assure their organizations are aware of, and follow, the rules. Summaries of the Section 272 rules or links to the internal corporate affiliate web sites were included in the correspondence. Further, letters were sent to Group Presidents and VP equivalents in December 2001/January 2002 and in January 2003 from the Executive Director-Regulatory Compliance, which focused on Section 272 obligations.

The importance of adhering to all affiliate regulations, including Section 272, was emphasized through corporate-wide emails sent to all employees on March 14, 2001 and July 22, 2002.

Training efforts begun shortly after the passage of the Telecommunications Act on Section 272, continued in 2001 and 2002. During 2001 and 2002, approximately 2,500 employees attended training sessions sponsored by the affiliate organization. This is in addition to training conducted by individual departments and organizations."

2. We inquired of management regarding the processes and procedures followed by the Verizon BOC/ILEC used to provide information regarding the availability of facilities in the provisioning of special access service to its Section 272 affiliates, other affiliates, and nonaffiliates for each state where the Verizon BOC/ILEC has been authorized to provide in-region interLATA services. Management provided documentation describing the processes and procedures followed by the Verizon BOC/ILEC used to provide information regarding the availability of facilities in the provisioning of special access service to its Section 272 affiliates, other affiliates, and nonaffiliates for each state where the Verizon BOC/ILEC has been authorized to provide in-region interLATA services.

   Management indicated that carriers do not get information about facility availability. Management further indicated that the wholesale website and Firm Order Confirmation process used to place orders do not provide any carrier information on facility availability for special access services. Account Management or Customer Service contacts may provide information in response to specific customer requests. Management indicated the same type of information and timeliness of information is provided to Section 272 affiliate, other affiliates and nonaffiliates.

   We inquired of management whether any employees of the Section 272 affiliates or other affiliates have access to, or have obtained, information regarding special access facilities availability in a manner different from the manner made available to nonaffiliates. Management indicated that it is not aware of any employees of the Section 272 affiliate or other affiliate carriers that have access to, or have obtained, information regarding special access facilities availability in a manner different from the manner that such information is also made available to nonaffiliates.

3. We requested of management written methodology used by the Verizon BOC/ILEC for documenting time intervals for processing orders, provisioning of service and performing

repair and maintenance services for the Section 272 affiliates, other affiliates and nonaffiliates for the services described in procedure 4 below. Management provided documentation describing how the Verizon BOC/ILEC documents time intervals for processing orders, provisioning of service and performing repair and maintenance services.

Management indicated that the Verizon BOC/ILEC documents the time interval for the installation and repair of special access and Feature Group D ("FG-D") services using the information captured by the appropriate systems that process the installation and repair of access services and by using established business rules.

Management further indicated that the business rules utilized for the special access services are the business rules associated with the Merger Condition XIX service quality reports (the "Merger Condition XIX") required by paragraph 53 of Appendix D of the Federal Communications Commission's Memorandum Opinion and Order in Common Carrier Docket No. 98 (the "BA/GTE Merger Order") released by the FCC on June 16, 2000. Management indicated that the FCC Common Carrier Bureau approved those business rules and the FCC Wireline Competition Bureau subsequently approved modifications to those business rules.

We inquired of management and management indicated that the methods used to prepare the BA/GTE Merger Order reports described above are the methods used to provide these same metrics for the special access services described in Procedure 4. Management also indicated that in order to provide service quality data for FG-D in the context of this audit, the Verizon BOC/ILEC applied essentially the same business rules used for special access.

Firm Order Confirmation Response Time, Average Installation Interval (Special Access and FG-D), Percent Installation Commitments Met (Special Access and FG-D)

Management indicated that the reporting of Firm Order Confirmation Response Time, Average Installation Interval and Percent Installation Commitments Met ("the Installation measures") is derived from information contained in the underlying Operational Support Systems and specific time stamps applied in those systems that the Verizon BOC/ILEC utilizes as part of the Access Service Request ("ASR") process for carrier orders. We noted that the documented methodology for the Installation measures referenced time stamps (including the Clean ASR Date or Application Date, the FOC Returned Date and the Completion Date). Management indicated that these time stamps are obtained from their relevant systems, including CABS Automated Front End ("CAFÉ"), Exchange Access Control and Tracking ("EXACT"), Work Force Administrator ("WFA") and (for the former GTE portions of Pennsylvania only) Automated Work Administration System ("AWAS").

Total Trouble Reports, Average Repair Interval (Special Access and FG-D)

Management indicated that the reporting of Total Trouble Reports and Average Repair Interval ("the Maintenance and Repair measures") is derived from information contained in the underlying Operational Support Systems and specific time stamps applied in those systems that the Verizon BOC/ILEC utilizes as part of the trouble report process used for carrier trouble ticket administration. We noted that the documented methodology for the Maintenance and Repair measures referenced time stamps (including the Date/Time Received and Date/Time Cleared). Management indicated that these time stamps are obtained from their relevant systems, including WFA and (for the former GTE portions of Pennsylvania only) AWAS.

Management also indicated that the reporting of FG-D performance measurements utilize the same Operational Support Systems and the same methodology used for Special Access.

Average Time of PIC Change

Management indicated that the reporting of the Average Time of PIC Change measure is derived from information contained in the underlying Operational Support Systems and specific time stamps, carrier identification codes, and transaction types captured and/or applied in those systems that the Verizon BOC/ILEC utilizes as part of the PIC change process. We noted that the documented methodology for the Average Time of PIC Change measure referenced fields (including the ACNA, CIC, Incoming Transaction Code Status Indicator ("TCSI"), Outgoing TCSI, Customer Type Indicator, Jurisdictional Indicator, Process Begin Date, Process End Date). Management indicated that these time stamps and fields are obtained from their relevant systems, including the Xpress Electronic Access ("XEA") system.

4. We requested from the Verizon BOC/ILEC performance data maintained during the engagement period, by month, indicating intervals for processing orders (for initial installation request, subsequent requests for improvement, upgrades or modifications of service, or repair and maintenance), provisioning of service, and performing repair and maintenance services for the Section 272 affiliates, other affiliates, and nonaffiliates, as separate groups, for the following services:

    - Telephone exchange service (where the Section 272 affiliate resells local service or intraLATA toll service)
    - Exchange access services for DSO, DS1, DS3, OCn, and Feature Group D
    - Unbundled network elements (where the Section 272 affiliates leases any unbundled network elements from the Verizon BOC/ILEC)
    - PIC change orders for intraLATA toll services (where the Section 272 affiliate provides this service) and interLATA services.

    The reports provided by management for the performance measurement reports under this procedure are included in Attachment A to this report.

    Management indicated that the business rules applied to calculate the performance measures are consistent with the affidavits filed in each state with some exceptions in New York, Massachusetts and Connecticut. We inquired of management and management indicated that in all but New York, Massachusetts and Connecticut, affidavits filed in connection with the 271 proceedings had a footnote on the 272(e)(1) exhibit noting that metrics definitions would be modified consistent with changes to the Merger Condition XIX measures. Management indicated that for this audit, to be consistent across all states, metrics consistent with the Merger Condition XIX business rules were used for all states. Management further indicated that the Massachusetts and Connecticut measures for this audit were submitted on the same basis as the approved measures in the 271 proceedings approved by the FCC in later approvals for Pennsylvania, Rhode Island, Vermont, New Jersey, Maine, New Hampshire, Delaware, and Virginia. Management indicated that these measures are consistent with the definitions approved by the FCC for these measures as part of the merger proceeding, and if these original Massachusetts and Connecticut definitions had been used, the reports in the audit would be on a different basis.

We noted that management did not provide telephone exchange service and unbundled network elements \performance measurement data. We inquired of management and management indicated that the 272 affiliates did not purchase local services or intraLATA toll service for resale from the Verizon BOC in all states or the ILEC in Virginia after being authorized in the respective states to provide in region interLATA services during the engagement period. Management also indicated that the 272 affiliates did not lease any unbundled network elements from the Verizon BOC/ILEC in all states after being authorized in the respective states to provide in region interLATA services during the engagement period.

Management further indicated that the 272 affiliate VLD did not offer its Pennsylvania customers resold Verizon North intraLATA toll service, however, management did identify three VLD customers who had chosen Verizon North as their intraLATA toll service provider and who received bills from VLD for those services during the period from April 2002 to September 2002. Management determined the amount of intraLATA toll services that VLD purchased from the former GTE LEC to be $51.29 and the total amount of usage billed in connection with these customers to be approximately 300 minutes. Management did not provide performance measurement data in connection with these three VLD customers.

We noted that the performance data provided by management and included in Attachment A included the results, means and standard deviations (where appropriate) for the following performance measures:

- Firm Order Confirmation Response Time
- Average Installation Interval
- Percent Installation Commitments Met
- Total Trouble Reports
- Average Repair Interval
- Average Time of PIC Change

Management indicated that the Average Time of PIC Change measurement results include the top six nonaffiliate long distance carriers, which represent more than 85% of total PIC changes.

We noted that the performance measurement results (other than Average Time of PIC Change measure) for the state of Connecticut for the engagement period were aggregated with the performance measurement results for the State of New York.

We examined the performance measurement reports provided and compared the reported intervals for the Section 272 affiliate to the reported intervals for nonaffiliates. We noted certain instances where the reported intervals for fulfillment of requests from nonaffiliates were longer than for the Section 272 affiliates. We inquired of management and management provided the following response for PIC results:

> "Verizon processed carrier-initiated PIC transactions (mechanical batch submissions) using the same systems and procedures for all carriers, with no manual intervention in handling the incoming files that could affect the processing interval. After successfully passing through a series of edits/updates, PIC transactions were sent to the switch for implementation.

PIC Performance data were collected for carrier-initiated transactions from the top seven long distance carriers. The top seven carriers included the affiliate (Verizon LD) and six non-affiliates (Carrier A, B, C, D, E, and F). Performance data were collected by month for each state that Verizon LD had been authorized to provide in-region InterLATA services during the engagement period, January 1, 2001 through December 31, 2002. The 2001 and 2002 data show that PIC intervals vary from month to month for each carrier and that some carriers experience relatively longer PIC intervals and some relatively shorter intervals.

When Verizon initially investigated the varying interval patterns, Verizon determined that the primary factor in the length of the PIC interval, i.e. the length of time between receipt of a PIC change request by XEA and completion of the PIC change at the switch, was the time of day a file was submitted. ***See*** Response of Verizon to Comments on Biennial Section 272 Audit Report (filed June 10, 2002). This conclusion was based on studies of PIC orders in New York and Massachusetts in August 2001. Each of the Verizon operating companies schedules "down time" for XEA each night, generally between the hours of 21:00 and 01:00 for necessary maintenance on the system. In addition, each company schedules down time for switch maintenance generally between 23:30 to 04:00, as noted in Table 27. Switch processing periods are generally shorter on weekends. During the down time periods, XEA pulls the files and holds them in queue according to the time they were received. At the end of the down time period, XEA processes the PIC change orders in the queue. A carrier that submits PIC change orders to XEA shortly before or during the down time periods would experience several more hours added to the interval than a carrier that submits them earlier in the day. Verizon has informed the interexchange carriers about the down time periods in each area and the possible impact on PIC change processing intervals. Carriers can avoid the down time in both XEA and the switch simply by submitting their PIC change orders to avoid this period. However, we have received no complaints about downtime, presumably because the PIC processing intervals easily meet the 24-hour standard, which interexchange carriers use in their customer satisfaction surveys as the measure of Verizon's performance in providing timely PIC changes.

To update the previous response, Verizon conducted additional studies of PIC orders in the states of New York in January 2002 and Massachusetts in April 2002. Verizon studied samples of the transactional data for the affiliates and non-affiliates to demonstrate how the timing of PIC file submission is linked to the PIC interval. Carriers' schedules for submitting files to Verizon were fairly consistent from day-to-day and week-to-week. Carriers who consistently submitted files in the late evening/early morning hours or on the weekend experienced the longest intervals.

Table 25: NY - January 2002

CARRIER	# BATCH FILES	# RECORDS	HOUR OF MOST FREQUENT TRANSMISSION	INTERVAL (HR/MIN)
Affiliate	44	1553	11:00 – 15:00	1:15
A	87	27010	1:00 – 4:00	3:38
B	121	23684	1:00 – 5:00	1:31
C	143	12580	1:00 – 7:00	1:45

D	101	6468	17:00 – 21:00	0:46
E	35	7151	11:00 – 12:00	0:48
F	73	8577	7:00 – 9:00	0:52

These data exclude PIC orders processed on January 4, 2002, which included a block of PIC orders from late December, 2001 that had been rejected by the switch due to a mismatch with the data from XEA and that had to be processed manually on January 4.

Table 26: MA - April 2002

CARRIER	# BATCH FILES	# RECORDS	HOUR OF MOST FREQUENT TRANSMISSION	INTERVAL (HR/MIN)
Affiliate	81	1902	17:00 – 19:00	3:16
A	61	23122	1:00 – 5:00	3:02
B	73	24156	5:00 – 11:00	1:46
C	87	5836	1:00 – 5:00	2:39
D	78	5602	13:00 – 21:00	0:57
E	21	3218	11:00 – 12:00	0:39
F	66	2503	5:00 – 9:00	0:51

In the Massachusetts study, the affiliate PIC interval was over three hours, even though the affiliate most frequently submitted its PIC orders outside of the down time period. This is due to the fact that a portion of these orders submitted on April 4 took as much as a half-day to complete due to processing issues. However, the data for the unaffiliated carriers shows the same pattern as above – orders submitted during the down time period took significantly longer to process than orders submitted during the rest of the day.

These studies show that the differences observed between affiliate and non-affiliate PIC processing intervals are the result of carriers' decisions about when and how to submit batch orders, and not due to discrimination in how Verizon treats different carriers."

Table 27: Switch Processing Periods

State	Hours of Operations
CT	04:00 to 23:30 Sun-Sat
NY	04:00 to 23:30 Sun-Sat
MA	04:00 to 23:30 Mon-Fri. 04:00 to 21:30 Sat 04:00 to 19:00 Sun
ME	04:00 to 23:30 Mon-Fri. 04:00 to 21:30 Sat 04:00 to 19:00 Sun
NH	04:00 to 23:30 Mon-Fri. 04:00 to 21:30 Sat 04:00 to 19:00 Sun
RI	04:00 to 23:30 Mon-Fri. 04:00 to 21:30 Sat 04:00 to 19:00 Sun
VT	04:00 to 23:30 Mon-Fri. 04:00 to 21:30 Sat 04:00 to 19:00 Sun
DE	04:00 to 22:50 Sun. - Sat.
NJ	04:00 to 22:50 Sun. - Sat.
PA	04:00 to 22:50 Sun. - Sat.
VA	04:00 to 22:50 Sun. - Sat.

We inquired of management and management provided the following response for Special Access and Feature Group D results:

"Verizon's BOC/ILECs have established and follow practices, procedures and policies to fulfill requests from unaffiliated entities for exchange access within a period no longer than the period in which they fulfill similar request for the same exchange access to their affiliates. Based on the way data were categorized, the impression is that, in some instances, the Verizon BOC/ILECs have fulfilled requests from unaffiliated entities for exchange access within an average time period longer than the average time period in which they fulfilled requests of such exchange access to themselves and/or their affiliates. In fact, the data do not support this conclusion.

There are two reasons that negative inferences cannot be drawn from the data. First, the interval measurements aggregate services and circumstances that mask reasons for the different results. Second, the data contain relatively low volumes of special access orders from Section 272 affiliates across all states (98 installation orders in 2001; 185 installation orders in 2002; 115 trouble reports in 2001 and 146 in 2002), which makes it difficult to identify patterns or draw statistically significant conclusions. The existence of low volumes is particularly problematic in the case of special access because of the large number and variety of reasons that may cause any one special access service installation request or reported trouble to be potentially very different from another special access request or trouble. In reviewing the special access results, Verizon considered both the treatment of the orders and troubles in the BOC/ILEC processes and systems and the effects of customer actions (Section 272 affiliate and non-affiliates) that are independent of actions of the BOC/ILEC.

As a result of its examination of the data and the factors that can affect relative performance, Verizon has determined that the following factors may explain the different results in installation and repair for affiliates vs. non-affiliates. For installation, the differences in intervals were likely affected by the facts that (1) non-affiliates tended to request installation dates that were longer than the standard interval; (2) non-affiliate orders required building of facilities more often than affiliate orders; and (3) non-affiliate orders involved copper facilities rather than fiber more often than affiliate orders. For maintenance, the differences in mean time to repair were likely affected by the facts that (1) non-affiliate repairs involved copper facilities rather than fiber more often than affiliate orders; and (2) the number of trouble reports for affiliates was very small.

Special Access Installation

A significant number of variables can affect special access provisioning performance. Some of the characteristics that distinguish one special access installation order from another include: (1) the extent to which some customers request longer installation due dates; (2) whether Verizon BOC/ILECs already have the transport facilities and equipment in place to provision the specific route and service configuration requested by the customer; and (3) the specific location and complexity of the circuits requested. While Verizon cannot analyze all of the potential combinations of possible factors affecting special access performance results for all states, for all service categories, for all months largely due to the very high volume of non-affiliate orders, sufficient analysis is possible to address the likely causes of the differences. Verizon examined instances with higher 272 volumes in the reported results and noted the following: